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OFFICE OF THE STATE AUDITOR

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State Auditor Tom Salmon releases report on Medicaid provider enrollment and claims controls

Many provider enrollment and claims controls in place, but gaps exist

MONTPELIER – State Auditor Tom Salmon, CPA, today released the results of an audit that looked at the Medicaid provider enrollment and claims controls.

The Medicaid program is one of the largest human service programs in Vermont. In fiscal year 2010, about \$1.24 billion was expended on Vermont's Medicaid program with about \$375 million coming from state funds. Due to the programmatic, operational, and organizational complexity and very significant federal and state funding, Medicaid programs are prone to fraud attempts by unscrupulous individuals.

"The first line of deterrence for such attempts is implementation of robust provider enrollment and claims controls within the Medicaid system. Our office wanted to ensure that Vermont had established, and was effectively operating, processes and controls designed to ensure that only legitimate providers are paid for services they are entitled to perform," Salmon said.

Overall, the audit found that the Department of Vermont Health Access (DVHA), the Department of Education and the state's fiscal agent, HP Enterprise Services (HPES) have implemented many provider enrollment and claims controls, but that improvements were needed in the areas of provider agreements, verification of credentials and other requirements for enrollment, verification against the excluded parties lists, and post-enrollment checks, among others. There were about 420 providers that were enrolled with incorrect information, no longer met enrollment criteria or were deceased, including:

- 241 providers enrolled as residents at Dartmouth Hitchcock Clinic that were no longer affiliated with DHC;
- 67 providers enrolled as residents at Fletcher Allen Health Care that were no longer affiliated with FAHC;
- Nine providers were listed as physicians, but did not hold this license (instead, they were, for example, enrolled as a nurse practitioner, a physician's assistant or a podiatrist);
- Five providers enrolled as active Medicaid providers were deceased.

These errors were corrected during the course of the audit and the Medicaid fiscal agent is conducting analysis regarding whether any payments were improperly made.

The audit report cited various reasons for these errors, including updates that were not occurring and a lack of post-enrollment checks on providers.

“Gaps like these can be inadvertently or intentionally exploited by providers not entitled to receive payments and can subsequently lead to waste of vital taxpayer dollars,” Salmon said.

Other audit findings were related to the system used to administer the Medicaid program. Although in general its logic and edits were sound, the system lacked some edits. For example, the system did not capture the relationship between laboratory certification addresses and laboratory service locations. Without such system link or manual compensating controls, the program remains vulnerable to improper payments for laboratory services that a provider is not authorized to carry out at a particular location, according to Salmon.

In their responses to a draft of the audit report the Departments of Vermont Health Access and Education were in general agreement with the recommendations in the report and cited tasks that they planned to take to improve their processes.

Salmon stated that “implementation of our recommendations should give Vermont citizens added confidence that the state is taking reasonable measures to ensure that Medicaid payments are only made to legitimate providers and only for services they are authorized to perform.”

The auditor noted the outstanding professionalism and cooperation of the personnel of the state agencies and HPES involved in this audit.

The report entitled “*Medicaid: Many Provider Enrollment and Claims Controls in Place, But Gaps Exist*” can be found on the auditor’s web site www.auditor.vermont.gov.